

**MINUTES OF REGULAR MEETING  
ILLINOIS GAMING BOARD  
AUGUST 20, 1996  
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

The Illinois Gaming Board ("Board") held its Regular Meeting on August 20, 1996 in the auditorium on the 5th floor of the State of Illinois Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120/1 et seq.

The following Board Members were present: J. Thomas Johnson, Chairman; and Members William B. Browder, Byron G. Cudmore, Gayl S. Pyatt and Robert F. Vickrey.

Also in attendance were: Administrator Michael A. Belletire, Deputy Administrators Joseph C. Haughey and Kevin Lockhart, Chief Legal Counsel Mareile' B. Cusack, other members of the staff, the media, the general public and interested parties.

Chairman Johnson called the meeting to order at 9:30 a.m. Member Vickrey moved **that the Board retire to Closed Session pursuant to Section 2(c), paragraphs (1), (4), (11), (14) and (21) of the Open Meetings Act, to discuss the following subject matters:**

- 1. Issues Concerning Applicants and Licensees**
- 2. Recommendations of Administrative Law Judges**
- 3. Pending and Probable Litigation Matters**
- 4. Investigatory Matters**
- 5. Personnel Matters**
- 6. Closed Session Minutes**

Member Browder seconded the motion. The Board adopted the motion by unanimous consent.

The Board reconvened in Open Session at 12:45 p.m.

Member Browder moved **that the Board approve the minutes from the open and closed sessions of the July 23, 1996 regular meeting and the July 29, 1996 special meeting.** Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote.

The next order of business was the Administrator's Report.

Administrator Belletire reported that Adjusted Gross Receipts ("AGR") for July 1996 totaled \$90.9 million, down 2.6 percent from June 1996 and down approximately 15.6 percent from the July 1995 level. The Administrator stated that the longer term impact of the Indiana operations is difficult to gauge. He further noted the effect of the Indiana operations should be judged over the next several months.

The Administrator stated that twelve indictments were reported August 19, 1996, by the Kane County State's Attorney. An on-going investigation (since March 1996) between the IGB and the Elgin Police Department lead to the indictments. The twelve individuals will be prosecuted for theft. The Administrator further commented that the owner licensee (Grand Victoria), after learning of the thefts, made substantial changes to Internal Control procedures. Staff is confident that the circumstances that allowed the thefts to occur have been properly remedied.

The Administrator next discussed the seminar on the economic impact of riverboat gambling in Illinois. The seminar is scheduled for September 18, 1996, beginning at 9:30 a.m. and ending mid-afternoon. The seminar will afford the authors of various reports with a number of points of view to present their research. A panelists of professionals will critique the proposals. A lay panel will also discuss this topic.

The Administrator announced that Lt. Roger Shiels will assume temporary duty and supervise a reorganization of the Licensure and Investigation's Unit. M/Sgt. Scott Deubel, currently head of the IGB contingent at the Grand Victoria, has agreed to temporarily assume operations currently supervised by Lt. Shiels.

Chairman Johnson stated that the Board will meet September 18 and convene the economic impact conference.

Chairman Johnson announced that the Governor has re-appointed Members Browder and Cudmore. The re-appointments are for a full three year term effective July 1, 1996.

The next order of business was Items Concerning Owner Licensees.

Patrick Dennehy, representing the Des Plaines Development Limited Partnership ("DDLPP"), d/b/a Harrah's Joliet Casino ("Harrah's"), introduced several Harrah's employees and requested renewal of their owner's license.

Administrator Belletire stated that staff have completed a review of the owner licensee. Staff found Harrah's to have an excellent compliance record and solid financial status. Administrator Belletire commented on staff concerns over the existing management services agreement between the licensee and Harrah's Illinois Corporation. He stated that efforts are underway to modify the financial terms of this

relationship. An outside consultant hired by Harrah's is evaluating remedies. Administrator Belletire recommended re-licensure of DDLP.

Chairman Johnson asked Mr. Dennehy for a timeframe in which Harrah's will be finalizing the report with consultants evaluating the management services agreement. Mr. Dennehy stated that the report should be completed by October 1, 1996.

Member Pyatt commended Harrah's on their accomplishments over the past year. Ms. Pyatt asked what Harrah's is doing to improve their record of buying goods and services from Illinois vendors. Mr. Dennehy stated that efforts continue to identify local minority and female businesses.

Member Cudmore complimented Harrah's on their Economic Impact of Casino Entertainment report done by the WEFA Group that was submitted to the Board for review. He found the conclusions to be very favorable and to represent a fulfillment of the legislative intent behind riverboat gambling.

Member Pyatt moved **that the Board renew the Owner's license of Des Plaines Development Limited Partnership d/b/a Harrah's Casino Cruises - Joliet for a period of one year commencing in August of 1996. In renewing the Owner's license, the Board notes the following:**

- 1. The Board commends Harrah's for its exemplary involvement in the economic renewal of Joliet's downtown and for encouraging civic involvement on the part of its employees, however, the Board requests that Harrah's make further efforts to increase its procurement of goods and services with local Illinois businesses.**
- 2. The Board requests that Harrah's finalize a re-negotiated agreement with the Harrah's Illinois Corporation to specify more clearly the services being provided and the fair market value of such services.**
- 3. The Board requests the continued cooperation of Harrah's in the conducting and financing of an economic impact analysis of gaming.**

Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Mr. Dennehy further requested approval of David R. Horn as a Key Person.

Member Cudmore moved **that the Board approve David R. Horn as a Key Person of Des Plaines Development Limited Partnership d/b/a Harrah's Casino Cruises - Joliet.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

John Janicik, representing Par-A-Dice Gaming Corporation, requested approval of a special waiver under Board Rule 3000.510 to permit dockside gaming while preventive maintenance is performed on the Par-A-Dice vessel's two generator sets.

Administrator Belletire stated that it is the intention of staff to closely monitor the maintenance work to ensure that the work plans submitted are followed.

Member Cudmore moved **that pursuant to the Board resolution adopted at the July 23, 1996 Board meeting, the Board approve Par-A-Dice Gaming Corporation's request for a waiver of Board Rule 3000.510 to allow Par-A-Dice to conduct gaming while remaining dockside while preventive maintenance is being performed on Par-A-Dice vessel's two generator sets. In granting this waiver, the Board has considered the following:**

- 1. Par-A-Dice's work plan and the time frame requested;**
- 2. Evidence that the riverboat must remain dockside for the planned maintenance to be completed;**
- 3. Evidence of Par-A-Dice's inability to postpone the repairs; and,**
- 4. Par-A-Dice's overall cruising record.**

Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote.

Andrew McDonough, representing the Alton Gaming Company and Mike Ficaro, representing HP, Inc., asked the Board: (1) to waive the two meeting rule; and, (2) under Board Rule 3000.260 allow Alton Gaming Company to lease HP, Inc. the Argosy I for use in East Dubuque.

Member Pyatt moved **that the Board waive the two meeting rule in connection with considering Alton Gaming Company's request to lease a vessel to HP, Inc. and to also consider HP, Inc.'s request for approval of a vessel, approval of a re-negotiated bank loan agreement and approval of a shareholder loan repayment.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Member Pyatt moved:

**WHEREAS, Alton Gaming Company is the owner of the Argosy I riverboat; and,**

**WHEREAS, Alton and HP, Inc. wish to enter into an agreement pursuant to which HP will lease the Argosy I riverboat from Alton; and,**

**WHEREAS, pursuant to Rule 3000.200(b)(5) a lessor of a riverboat is required to hold a supplier's license; and,**

**WHEREAS, pursuant to Rule 3000.260 the Board may waive a licensing requirement if it determines that such a waiver is in the best interest of the public and the gaming industry; and,**

**WHEREAS, the Board considers the waiver of Rule 3000.200(b)(5) to be in the best interest of the public and the gaming industry.**

**NOW THEREFORE BE IT RESOLVED, that the Board waives the licensing requirement under Rule 3000.200(b)(5) to enable Alton and HP to enter into an agreement wherein Alton will lease the Argosy I to HP under the terms specified in the draft Charter and Equipment lease agreement which it had submitted.**

**I further move that the Board delegate to the Administrator the authority to approve the Charter and Equipment lease agreement in its final form.**

Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Michael Ficaro, outlined Board action requested by HP, Inc. Mr. Ficaro stated that at the July 29, 1996 Board meeting, the Board approved the sale of the Silver Eagle subject to: (1) the approval of a replacement vessel; and, (2) the replacement vessel being operational prior to the disposition of the Silver Eagle. Mr. Ficaro requested that the Board approve a series of items related to the lease of the Argosy I vessel and related to certain financial transactions proposed by HP, Inc.

Member Vickrey moved:

**WHEREAS, in July of 1996, the Board approved the sale of the Silver Eagle vessel, provided (a) the Board approve a replacement vessel, and (b) the replacement vessel is operational prior to the disposition of the Silver Eagle.**

**NOW THEREFORE BE IT RESOLVED that:**

- 1. The Board approve the Argosy I as the replacement vessel for the Silver Eagle; and,**
- 2. The Board delegates to the Administrator the authority to approve, on the Board's behalf, all matters necessary for HP to conduct gaming on the Argosy I vessel.**

**BE IT FURTHER RESOLVED that the Board authorize HP to dispose of the gaming equipment aboard the Silver Eagle vessel provided the transportation, disposition and sale of such equipment is in conformity with all applicable state and federal laws.**

Member Cudmore seconded the motion. The Board approved the motion unanimously by voice vote.

Member Vickrey moved **that the Board approve the amended and restated term loan agreement between HP, Inc. and Bank of America Illinois. This approval is subject to the requirement that any prepayments of the loan under this agreement in excess of \$5 million require the prior approval of the Board.** Member Cudmore seconded the motion. The Board approved the motion unanimously by voice vote.

Member Vickrey moved **that the Board authorize HP, Inc. to pay up to \$3 million to shareholders in repayment of certain shareholder loans.** Member Cudmore seconded the motion. The Board approved the motion unanimously by voice vote.

Susan Gouinlock, representing Hollywood Casino Aurora, Inc., requested approval of Edward T. Pratt, III as a Key Person.

Member Browder moved **that the Board approve Edward T. Pratt, III as a Key Person of Hollywood Casino Aurora, Inc.** Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote.

Donna More, representing Elgin Riverboat Resorts, requested approval of Terri P. Porcaro and Raul H. Rivera as Level 1 occupational licensees.

Member Pyatt move **that the Board approve Terri P. Porcaro as a Level 1 occupational licensee of Elgin Riverboat Resort.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Member Pyatt move **that the Board approve Raul H. Rivera as a Level 1 occupational licensee of Elgin Riverboat Resort.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

The next order of business concerned Occupational Licensees.

Member Cudmore moved **that the Board approve 180 applications for an Occupational License, Level 2, and 273 applications for an Occupational License, Level 3, and deny 2 applications for an Occupational License, Level 2, and 6 applications for an Occupational License, Level 3.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

The next order of business concerned Administrative Hearings/ALJ Reports.

Member Pyatt moved **that the Board, having reviewed the administrative record, adopt the Findings of Fact but, for the reasons set forth in the Board's Order, reject the Administrative Law Judge's recommended sanction and revoke Mr. McAntire's occupational license (Level 2).** Member Cudmore seconded the motion. The Board approved the motion unanimously by voice vote.

Member Pyatt moved **that the Board deny the hearing request submitted by Marcus Godfrey due to his failure to comply with Board Rule 3000.405.** Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote.

The next order of business concerned Complaints and Disciplinary Action.

Member Vickrey moved **that the complaint for disciplinary action against Tammy Pinnell be issued and that her license be suspended for 90 days. The complaint involves Ms. Pinnell's involvement in an acquaintance's attempt to circumvent the Currency Transaction Reporting requirement.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

The next order of business concerned Board Policy Discussion Items.

Administrator Belletire recommended that the Board consider employee requested waivers to the Board's Code of Conduct that was adopted last December. Under the Code, two IGB staff members requested a waiver that allows them to retain their IGB positions even though their adult children are employed by owner licensees. An investigation was conducted and staff found no appearance of conflict.

Member Cudmore moved:

**WHEREAS, Section 5 of the Code of Conduct (the “Code”) provides that employees of the Board and their spouses, children or parents shall not be employed by the holder of a license issued by the Board; and, WHEREAS, Section 5 of the Code provides that an employee may seek a waiver of this prohibition from the Board.**

**NOW THEREFORE BE IT RESOLVED that IGB Agent Nick Porro is granted a waiver from Section 5 of the Code to enable him to continue to be an employee of the Board, assigned to Harrah’s Casino Cruises Joliet, while his daughter Michelle Schelle is employed at Hollywood Casino Aurora.**

**In granting this waiver the Board considered that:**

- 1. Agent Porro cooperated with the Board and immediately disclosed his economic association upon the Board’s adoption of the Code;**
- 2. Agent Porro’s daughter is an adult, well beyond the age of maturity; she does not reside with her father and has not done so for several years, and Agent Porro has little to no influence over her decisions;**
- 3. Agent Porro’s daughter obtained employment with Hollywood Casino Aurora almost two years before Agent Porro became an employee of the Board;**
- 4. The staff’s investigation revealed that Agent Porro had no involvement in the decision by Hollywood Casino Aurora to employ his daughter;**
- 5. The Board is not aware of any situation or occurrence wherein a conflict of interest had or could exist by virtue of the fact that Agent Porro’s daughter is employed by Hollywood Casino Aurora; and,**
- 6. The Board is not aware of any situation in which Agent Porro used, attempted to use or will use his position as an employee of the IGB to secure a privilege or advantage for his daughter in her capacity as an employee of Hollywood Casino Aurora or as a holder of an occupational license.**

Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote.



Member Vickrey moved:

**WHEREAS, Section 5 of the Code of Conduct (the “Code”) provides that employees of the Board and their spouses, children or parents shall not be employed by the holder of a license issued by the Board; and,**

**WHEREAS, Section 5 of the Code provides that an employee may seek a waiver of this prohibition from the Board.**

**NOW THEREFORE BE IT RESOLVED that IGB Agent Dennis Wegener is granted a waiver from Section 5 of the Code to enable him to continue to be an employee of the Board, assigned to Empress Casino - Joliet, while his son Jeffrey Wegener is employed as a security officer at Harrah’s Casino Cruises - Joliet.**

**In granting this waiver the Board considered that:**

- 1. Agent Wegener has cooperated with the Board and immediately disclosed his economic association upon the Board’s adoption of the Code;**
- 2. Agent Wegener’s son is an adult, well beyond the age of maturity; and, he holds peace officer status in the State of Illinois;**
- 3. Agent Wegener had no involvement in Harrah’s decision to employ his son;**
- 4. The Board is not aware of any situation or occurrence wherein a conflict of interest had or could exist by virtue of the fact that Agent Wegener’s son is employed at Harrah’s Casino - Joliet; and,**
- 5. The Board is not aware of any situation in which Agent Wegener has used, attempted to use or will use his position as an employee of the IGB to secure a privilege or advantage for his son in his capacity as an employee of the Harrah’s Casino - Joliet or as the holder of an occupational license issued by the Board.**

Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

There being no further business to come before the Board, Member Vickrey moved that the Board stand adjourned. Member Browder seconded the motion. The Board approved the motion unanimously by voice vote and adjourned at 1:28 p.m.

Respectfully Submitted,

Susan A. Offord  
Secretary of the Board